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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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Internal Audit Executive

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November 25, 2008

Patricia Hageman, City Counselor
City Counselor's Office
1200 Market Street, Room 314
St. Louis, MO 63101

RE: Review of the City Counselor's Office, Contracts #06-90-03 and #07-90-03;
Contracts #06-10-63, and #07-10-63, CFDA #14.218 (Project #2008-CDA10)

Dear Ms. Hageman:

Enclosed is a report of our fiscal monitoring review of the City Counselor's Office, Legal Service Support and Problem Property Team programs for the period January 1, 2006 through August 31, 2007. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of the City Counselor's Office. Our fieldwork was completed on September 28, 2007.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

A handwritten signature in black ink that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA,
Internal Audit Executive

Enclosure

cc: Lorna Alexander, Special Assistant for Development, CDA
Jill Claybour, Acting Executive Director, CDA



CITY OF ST. LOUIS

*COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)*

*CITY COUNSELOR'S OFFICE
LEGAL SERVICES SUPPORT & PROBLEM PROPERTY TEAM
PROGRAMS*

*CONTRACTS #06-90-03, #06-10-63, #07-90-03 & #07-10-63
CFDA #14.218*

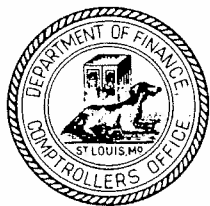
FISCAL MONITORING REVIEW

JANUARY 1, 2006 THROUGH AUGUST 31, 2007

PROJECT #2008-CDA10

DATE ISSUED: NOVEMBER 25, 2008

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CITY COUNSELOR'S OFFICE
LEGAL SERVICE SUPPORT & PROBLEM PROPERTY TEAM PROGRAMS
FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH AUGUST 31, 2007**

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**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CITY COUNSELOR'S OFFICE
LEGAL SERVICE SUPPORT & PROBLEM PROPERTY TEAM PROGRAMS
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INTRODUCTION

Background

Contract Names: City Counselor's Office –Legal Services Support
City Counselor's Office – Problem Property Team

Contract Numbers: 06-90-03, 07-90-03 (Legal Services Support)
06-10-63, 07-10-63 (Problem Property Team)

CFDA Number: 14.218

Contract Periods: January 1, 2006 through December 31, 2006
January 1, 2007 through December 31, 2007

Contract Amounts: \$ 220,564 (Contract #06-90-03)
\$ 327,678 (Contract #07-90-03)
\$ 259,857 (Contract #06-10-63)
\$ 330,043 (Contract #07-10-63)

These contracts provided Community Development Block Grant (CDBG) funds to the City Counselor's Office (Agency) for legal remedies for Problem Properties throughout the City and any legal support services to efficiently administer and carryout both CDBG and HOME funded contracts and loan agreements with non-profit organization and developers respectively.

Purpose

Our purpose was to determine Agency's compliance with OMB Circular A-133 compliance requirements and the general provisions of contracts with CDA for the period January 1, 2006 through August 31, 2007 and make recommendations for improvements, if required.

Scope and Methodology

We made inquiries regarding the Agency's internal controls relating to the grants administered by the Community Development Administration (CDA), tested evidence supporting the reports the Agency submitted to CDA and performed other procedures considered necessary. Our fieldwork was completed on September 28, 2007.

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INTRODUCTION

Exit Conference

We offered the City Counselor's office the opportunity for an exit conference but the Agency declined.

Management's Response

On September 17, 2008, we provided the Agency with our observations and requested a response by September 25, 2008. However, as of the date of this report, the Agency has not responded.

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SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with OMB Circular A-133 compliance requirements general provisions of its contract with CDA.

Status of Prior Observations

The Prior Reports dated August 22, 2006 and September 27, 2005 had the following observation which has been repeated in this review:

- Monthly financial reports were not submitted in a timely manner. **(Repeated. See Current Observation.)**

A-133 Status

The Agency is a part of the City of St. Louis government. Therefore, the Agency is covered under the City's A-133 audit.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the City Counselor's Office in fully complying with federal, state and local CDBG requirements.

- Monthly financial reports were not submitted in a timely manner.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS,
AND MANGEMENT'S RESPONSES**

Monthly Financial Reports were not Submitted in a Timely Manner.

CDA policy requires the Agency submit financial reports by the 10th of each month. The reports for contract 06-90-03 and 07-90-03 were not submitted. The reports for 06-10-63 were submitted an average of 56 days late. Management simply failed to ensure the reports were submitted timely. Late submission of monthly reports may cause a delay or suspension in the processing of reimbursement requests.

Recommendation

We recommend the Agency file all financial reports by the 10th of each month for current and future contracts.

Management's Response

On September 17, 2008, we provided the Agency with our observations and requested a response by September 25, 2008. However, as of the date of this report, the Agency has not responded.